

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 ACDA-12
CIAE-00 INR-10 NSAE-00 IGA-02 MCE-00 AID-05 L-03
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TO SECSTATE WASHDC PRIORITY 7354
INFO SECDEF WASHDC/ISA-DSAA-TS-F
DA WASHDC/DAMO-SSA/DRSAC-MM-LA/DAMI-FL
CDR USASAC ALEX VA/DRSAC-WA/AM
/USCINCSO QUARRY HTS CZ/SASA
CDR USASAAL FT AMADOR CZ/MOLA-SA
AMCONSUL GUAYAQUIL

C O N F I D E N T I A L SECTION 1 OF 2 QUITO 1082

E.O. 11652: GDS
TAGS: MASS, EC
SUBJECT: GOE REQUEST FOR SPECIAL PRICE FOR AND EARLY DELIVERY
OF CHAPARRAL-VULCAN

REF: A) 77 QUITO 8540, B) STATE 014662

1. SUMMARY: PRESIDENT POVEDA HAS REQUESTED A SPECIAL
PRICE AND EARLY DELIVERY OF THE CHAPARRAL-VULCAN FOR
ECUADOR AND WANTS TO SEND A DELEGATION TO WASHINGTON
TO DISCUSS THE MATTER. END SUMMARY.

2. PRESIDENT POVEDA SUMMONED CHARGE TO NATIONAL PALACE
FOR A MEETING ON FEBRUARY 17 AT WHICH MINISTER OF DEFENSE
ANDRES ARRATA MACIAS WAS ALSO PRESENT. AUVIRAL POVEDA
BEGAN BY REFERRING TO HIS CONVERSATION WITH THE PRESIDENT

AT THE PANAMA CANAL TREATY SIGNING CEREMONY ABOUT ECUADOR'S
DEFENSE NEEDS, AND SPECIFICALLY ABOUT THE CHAPARRAL-VULCAN.

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POVEDA SAID THE PRESIDENT HAD PROMISED TO SEND A TEAM
TO STUDY THE APPROPRIATENESS OF THE CHAPARRAL-VULCAN
FOR ECUADOR; THE TEAM HAD MADE THE VISIT, ENDORSED
THE CHAPARRAL-VULCAN AND THE GOE HAD BEEN PROVIDED
APPROXIMATE PRICES AND TIME REQUIRED FOR DELIVERY.
ADMORAL POVEDA SAID THE CHAPARRAL-VULCAN WAS MORE
EXPENSIVE THAN THE GOE HAD EXPECTED AND THAT THE PROJECTED

LEAD TIMES VERY LONG.

3. PRESIDENT POVEDA EXPLAINED THAT ECUADOR IS A SMALL UNDER-DEVELOPED BY PROGRESSIVE COUNTRY IN THE PROCESS OF BUILDING A MODERN ECONOMIC AND DEMOCRATIC POLITICAL SYSTEM FOR THE BENEFIT OF ITS CITIZENS. HE SAID ECUADOR'S DEVELOPMENT NEEDS WERE VERY GREAT AND COSTLY, AND HE EMPHASIZED THAT ECUADOR'S ARMED FORCES WERE RELATIVELY SMALL AND MODESTRW EQUIPPED. HE SAID IT WAS ABSURD FOR ANYONE TO THINK THAT THE SIZE MILITARY FORCE THE ECUADOREANS HAVE OR THE TYPE OF EQUIPMENT THEY ARE PURCHASING IS INTENDED FOR AGGRESSION AGAINST ITS MUCH LARGER AND MORE POWERFUL NEIGHBORS AND HE STRESSED THE UNFORTUNATE NEED FOR A FORCE STRONG ENOUGH TO DETER AGGRESSION FROM "A BELLICOSE SOUTHERN NEIGHBOR WITH MANY PROBLEMS." HE SAID AN ADEQUATELY EQUIPPED AND WELL TRAINED SMALL MILITARY FORCE WAS ESSENTIAL, BUT THAT HIS GOVERNMENT DID NOT WISH TO DIVERT TOO MANY FUNDS FROM DEVELOPMENT PROJECTS INTO WAR EQUIPMENT.

4. PRESIDENT POVEDA REFERRED TO THE US VETO OF THE SALE OF KFIR AIRCRAFT TO ECUADOR BY ISRAEL, SAYING HE FULLY ACCEPTED THE RIGHT OF THE US TO DO THIS AND THAT HE UNDERSTOOD IT WAS DONE FOR REASONS NOT DIRECTLY RELATED TO ECUADOR. HE SAID, HOWEVER, THAT THE USG DECISION HAD COST THE GOE WELL OVER \$100 MILLION, CONFIDENTIAL

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MORE THAN WOULD HAVE BEEN THE CASE IF THE GOE COULD HAVE BOUGHT THE KFIR. HE ADDED THAT EVEN SO, ECUADOR HAD ENDED UP WITH FEWER AIRCRAFT OF INFERIOR QUALITY TO THE KFIR. (THE MIRAGE PACKAGE COST ECUDOR \$ 280 MILLION AS OPPOSED TO THE KFIR PACKAGE

OF \$180 MILLION.) POVEDA SAID THIS UNPLANNED EXPENSE HAD PLACED A TREMENDOUS STRAIN ON THE DEFENSE BUDGET, AND THAT HE DID NOT WISH TO DIVERT FUNDS CURRENTLY DEDICATED TO DEVELOPMENT FOR THE PURCHASE OF THE AIR DEFENSE SYSTEM. HE SAID THE CURRENT TENSE SITUATION WITH PERU AND THE TREMENDOUS AND SOPHISTICATED MILITARY ESTABLISHMENT THAT THE PERUVIANS HAVE CREATED GIVE HIM NO CHOICE BUT TO TAKE THE NECESSARY STEPS TO DEFEND HIS COUNTRY. HE REITERATED HIS HOPES THAT THE USG, AS A FRIEND, COULD SELL THE CHAPARRAL-VULCAN AT A MUCH REDUCED PRICE AND GIVE ECUADOR AS EARLY A DELIVERY AS POSSIBLE.

5. PRESIDENT POVEDA SAID HE WANTS TO SEND A COMMISSION TO WASHINGTON COMPOSED OF THE MINISTER OF DEFENSE, THE CHIEF OF STAFF OF THE AIRFORCE (GENERAL LUIS ABAD CADENA)

AND PERHAPS OTHERS TO DISCUSS THIS MATTER. HE SAID THE ACQUISITION OF AN AIR DEFENSE SYSTEM WAS OF IMMEDIATE IMPORT TO ECAUDOR AND THAT THE COMMISSION WOULD BE ABLE TO TRAVEL AS SOON AS THE USG WOULD RECEIVE IT, NEXT WEEK IF NECESSARY.

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6. THE CHARGE EXPLAINED THAT THE PRICES PROVIDED THE GOE BY THE USG FOR THE CHAPARRAL-VULCAN WERE ESTIMATES AND THAT NO FIRM PRICES COULD BE PROVIDED UNTIL THE GOE ASKED FOR A LETTER OF OFFER AND INFORMED THE US AS TO THE NUMBER OF CHAPARRAL-VULCAN BATTALIONS REQUIRED, THE CONFIGURATION OF THE BATTALIONS, THE LOGISTICAL AND MAINTENANCE SYSTEM TO BE EMPLOYED, AND THE TRAINING THAT WOULD BE NEEDED. PRESIDENT POVEDA STATED HE WAS ASKING FOR A LETTER OF OFFER AND INSTRUCTED THE MINISTER OF DEFENSE TO OBTAIN THE OTHER INFORMATION AND PROVIDE IT TO THE EMBASSY.

7. THE CHARGE TOLD PRESIDENT POVEDA THAT HE WOULD TRANSMIT TO WASHINGTON IMMEDIATELY HIS REQUEST FOR A SPECIAL PRICE FOR AN EARLY DELIVERY OF THE CHAPARRAL-VULCAN. HE COMMENTED THAT A VISIT BY THE US BY THE MINISTER OF DEFENSE COULD PRESENT PROBLEMS, SINCE A VISIT BY AN OFFICIAL OF SUCH RANK MIGHT REQUIRE SOME TIME TO ARRANGE IN WASHINGTON. THE CHARGE SUGGESTED THAT A VISIT BY A

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DELEGATION OF ONLY MILITARY OFFICERS MIGHT BE MORE EASILY
ARRANGED AND ACCOMPLISH THE SAME PURPOSE. ADMIRAL
POVEDA SAID HE WOULD APPRECIATE IT IF THE CHARGE
WOULD CONSULT WITH HIS GOVERNMENT AND INFORM HIM
AS TO WHAT WOULD BE MOST EFFECTIVE AND APPROPRIATE.

7. ACTION REQUEST: EMBASSY UNDERSTANDS THAT THERE
HAS BEEN SOME INTERNAL DISCUSSION WITHIN THE DOD REGARDING
COST BASIS OF UNIMPROVED CHAPARRAL AND THAT IN TUNISIA
CASE A PRICE LESS THAN THAT OF THE IMPROVED CHAPARRAL
WAS FINALLY CHARGED. WE WOULD APPRECIATE DEPT
EXPLORING THE POSSIBILITY OF GETTING SIMILAR TREATMENT
FOR ECUADOR. IN VIEW OF THE BACKGROUND OF THIS REQUEST,
WE ENDORSE POVEDA'S REQUEST FOR AN EXPEDITIOUS DELIVERY
DATE AND WOULD APPRECIATE DEPT'S LOOKING INTO THIS AS
WELL. PLEASE PROVIDE GUIDANCE WITH RESPECT TO PRESIDENT
POVEDA'S DESIRE TO SEND A TEAM TO WASHINGTON TO DISCUSS
THIS MATTER.
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